

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

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R 250740Z MAR 74

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 2409

INFO AMEMBASSY LISBON

AMCONSUL LUANDA

LIMITED OFFICIAL USE LOURENCO MARQUES 0192

E.O. 11652: N/A

TAGS: ENRG, MZ

SUBJECT: AMOCO PROBLEMS WITH PANDE GAS CONCESSION

REF: LOURENCO MARQUES 050 OF JANUARY 19, 1973

1. JOSE CAETANO GUSMAO, AMOCO REPRESENTATIVE IN MOZAMBIQUE, INFORMED CONGEN THAT AMOCO IS EXPERIENCING VARIOUS PROBLEMS IN RELINQUISHING PANDE GAS CONCESSION IN MOZAMBIQUE. HE DID NOT REQUEST ASSISTANCE FROM CONGEN.

2. ALTHOUGH GOP HAS AGREED TO AMOCO REQUEST FOR RELINQUISHMENT PER REFTTEL, IT STILL HAS NOT ACCEPTED AMOCO'S FACILITIES, WELLS AND DRILLING EQUIPMENT. SINCE TERMS OF CONTRACT CALL FOR TURNING OVER THESE FACILITIES IN GOOD WORKING ORDER, AMOCO IS STILL SPENDING CONSIDERABLE AMOUNT OF MONEY IN MAINTENANCE. AMOCO HAS NOT PULLED OUT BECAUSE IT VERY INTERESTED IN OBTAINING OIL CONCESSION IN ANGOLA.

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EM NEW PROBLEM HAS ARISEN RECENTLY. GOP IS SUING AMOCO FOR

ECONOMIC LOSSES FROM VAST EIGHTEEN-MONTH LONG FIRE IN PANDE GAS FIELD IN 1965-66. ACCORDING TO GUSMAO, EVEN MOZAMBIQUE DEPT OF GEOLOGY AND MINES ACKNOWLEDGED IMPOSSIBILITY OF ESTIMATING AMOUNT OF GAS BURNED BY FIRE (AND THEREFORE ECONOMIC LOSSES) AND HE FEELS GOP THUS DOES NOT HAVE GOOD CASE. GULF/AMOCO SPENT ABOUT SIX MILLION DOLLARS TO PUT FIRE OUT. (NOTE: EVEN IF EXACT AMOUNT OF GAS LOSSES CANNOT BE ESTABLISHED, ONE CAN ASSUME THAT THEY WERE COLOSSAL).

4. SOURCE IN DEPT. OF MINES AND GEOLOGY INFORMED CONGEN THAT GULF/AMOCO WAS GUILTY OF GROSS MISHANDLING OF PANDE FIRE. INSTEAD OF ENGAGING SERVICES OF FIRE-FIGHTING IMMEDIATELY, GULF/AMOCO WAITED 5-6 DAYS, AFTER WHICH IT WAS TOO LATE TO CAP WELL.

5. COMMENT: WHILE WE ARE NOT FAMILIAR WITH PRECEDENTS IN SIMILAR CASES ELSEWHERE, ATTEMPT TO ASSESS DAMAGES AGAINST AMOCO COULD DISCOURAGE OTHER OIL COMPANIES FROM INVESTING IN PORTUGUESE TERRITORIES.

VAN OSS

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